

**Moab Irrigation Company
Annual Shareholders Meeting
February 6, 2017**

The meeting opened at 7:00 pm.

Total company shares are 1081.06. 540.53 shares are needed for a quorum. 738.836 shares were present either in person or by proxy, representing 92 shareholders out of the company's 199 shareholders. The board of directors appreciates all those who either attended the meeting in person or who made the effort to return proxy votes.

Board members attending – Fred Powell, David Engleman, Ron Pierce, Lee Sjoblom, Ken Minor.

President Fred Powell conducted the meeting.

Fred Powell presented the Proof of Notice for the meeting.

Ron Pierce read the minutes from the 2016 Annual meeting. A motion was made by Minor to accept the minutes, second by Sjoblom. Motion passed.

Fred Powell gave the Officer's Report for 2016. Several questions followed the report. The company is going to attempt "texting" of ditch flow information this summer to those interested in receiving it. It was suggested that a disclaimer be put out with the summer schedule to remind users that water flow in the town ditches is not guaranteed to be there every turn. The water master will do his best, but floods and line breaks can affect the water flow.

Dave Engleman went over the Financial Report. The budget set for 2016 was \$57,060. Expenses for the year came to \$51319.22. Over all the company is in a good financial state. The lower expenses was due to some of the repairs not being done as hoped.

Fred Powell's five year term has ended as a director. He did not wish to run again. One nomination was made and accepted for Mike Duncan be a board member. Voting for Mike was as follows – Yes – 689.236 No - 15.3 Abstain - 34.3

Ken Minor presented the proposed bylaw changes. There were three bylaw changes proposed this year.

Change 1 was for Article 1 Section 2 regarding time frames for water transfer when someone passes away. There was minimal discussion on this change. The bylaw change passed - Yes – 738.836 No – 0 Abstain - 0

Change 2 was for Article 6 Section 11 regarding the process for the payment of delinquent shareholder invoices. Several questions and comments followed. It was suggested that the company get a written agreement ahead of time for any work that the

company does for a shareholder. Farnsworth commented that honesty should be expected from both the board and the shareholders. The bylaw change passed
Yes – 591.554 No - 147.282 Abstain - 0

Change 3 was for Article 5 Section 3 regarding lawsuits against the company by shareholders. Discussions followed on whether this bylaw could be upheld in court. It was suggested that a bylaw be made that disagreements between the company and a shareholder should go to arbitration instead of court. This bylaw proposal failed to pass.
Yes – 180.629 No – 564.657 Abstain – 3.5

During the counting of the votes an engraved shovel was presented to Fred Powell to thank him for all his years of work on the board of the irrigation company.

Several other general questions were asked about the operation of the company.

The meeting adjourned at 8:30 pm.

Proposed Bylaw Changes

Article 1 – STOCK Section 2 Transfer of Stock (change to section)

Shares of company stock where the owner(s) are deceased, or where full rights of survivorship are not identified, must be transferred to new owners within ~~one year~~ two years of the death of the owner. Failure to transfer the certificate to new owners will result in non-availability of the water until such transfer is accomplished.

The irrigation company has a constant problem of share ownership. When a share owner passes away, the share is often left in the deceased person's name. Some times for years and years. This causes ownership issues, especially at some future date when the share is sold. This by-law was put in place several years ago to encourage ownership to be settled in a timely manner. The board realizes that the one year time frame is too tight to settle an estate. Our tax advisor said two years would follow IRS guidelines to settle an estate. The board recommends changing the time frame to two years.

Article 6 – ASSESSMENT Section 11 Unpaid Invoices (new section) The process to recover an unpaid assessment as described in Article 6 can also be used by the Company to recover any other unpaid debts owed the company by shareholders.

Occasionally, shareholders will owe the company a debt. For example, a shareholder agrees to pay for a new connection and then does not pay as agreed. The company uses the process in Article 6 of the bylaws to collect on unpaid assessments. The board would like clarification that this process can also be used to collect other unpaid debts owed the company by shareholders. The board recommends voting yes to this bylaw addition.

Article 5 – FINANCES Section 3 Lawsuit Costs (new section)

Any shareholder who sues the irrigation company will be responsible for all costs incurred by the company to defend the lawsuit.

A threat to sue the company is sometimes made by a disgruntled shareholders. The board feels it is unreasonable for a shareholder to sue the company instead of calmly working out issues. The company has liability insurance to handle issues like water damage that may happen to a property owner of either a shareholder or non-shareholder. This is a non-profit company and the board does not feel that the cost of defending a lawsuit from a disgruntled shareholder should have to be borne by all the other shareholders. If a disgruntled shareholder decides to sue the company, then the cost of defending that lawsuit by the company should be paid exclusively by that shareholder. The board will aggressively pursue all cost recovery options should the company be sued by a shareholder and recommends voting yes for this bylaw addition.